

2/29/17

FAA-03-14246-22

## Response to Final FAA Question

The income projections for 2003 leases are not derived from any general model, but are actual based on real numbers established in the existing leases. The assumption for income from fueling operations are that the rates will stay basically the same as the previous few years. The increases in the income over the 1999 levels are found in the following variances:

- 1) Normal CPI increases in the existing rents. This standard planning rate is used in the next four years of increases;
- 2) The extension of the Millionaire lease has been revised to reflect market rents. The new rates went into effect in 2001;
- 3) The Chevron Hangar has been forecast at market rent. The Chevron tenant has already vacated the property, and we have three parties making offers.
- 4) Roll over of the Tidewater Hangar from ground lease income to a facility lease. The building reverts back to the Levy District at the end of the existing lease term which is 8/03. The Delgado Hangar has also been vacated by the previous tenant that was below market rates and will now be rented at market rates.
- 5) Lease up of buildings that are currently vacant or will be vacated by the Levy District. This includes a portion of the Harbor Master building, a portion of the space in the Terminal Building and the existing vacant space in the old FAA building.
- 6) Additional income generated from miscellaneous sources such as movies, air show and other special events. Approximately \$50,000 per year.
- 7) Finally, AAC's pro forma shows \$1,620,000 in revenues not including fuel. The \$720,000 difference is current fuel volume of 3,600,000 gallons multiplied by \$.20. This equals the 2.3 million total revenue shown on the proforma.

In our analysis of the Airport operations the income projections are either already in effect, or will be in effect upon commencement. The main difference in the income projections from 1999 to present is roll over and CPI increases. Therefore, the risk in the income not materializing is minimal. In the event that the new leases or rental rates don't materialize as we have projected, AAC would fund any working capital needs in accordance with our partnership agreement.

**Commercial Rents**

Year	<u>1</u>	<u>2</u>	<u>3</u>	Comment
Millionaire	\$ 472,715	\$ 472,781	\$ 472,849	Existing Lease
Caudle Aviation	\$ 45,472	\$ 45,472	\$ 45,472	Existing Lease
Terminal Building	\$ 94,109	\$ 113,114	\$ 149,494	Multi Tenant Building/Existing and Projected Based on Current Offers
Taylor Energy	\$ 113,365	\$ 113,365	\$ 113,365	Existing Lease
Chevron	\$ 156,630	\$ 156,663	\$ 156,697	Projected based on current offers
National Guard	\$ 18,229	\$ 18,229	\$ 18,229	Existing Lease
N.O. Mosquito Control	\$ 2,140	\$ 2,140	\$ 2,140	Existing Lease
NO Jet Center	\$ 77,419	\$ 77,482	\$ 77,547	Existing Lease
General Aviation of NO	\$ 106,318	\$ 106,318	\$ 106,318	Existing Lease
Tidewater, Inc.	\$ 32,697	\$ 60,862	\$ 151,582	Existing ground rent and roll over to facility rent based on appraised rates
Delgado Hangar # 29	\$ 40,800	\$ 81,600	\$ 81,600	Projected based on current offers
FAA Building	\$ 44,550	\$ 89,100	\$ 135,000	Multi Tenant Building/Existing and Projected Based on Current Offers
Harbormaster Building	\$ 16,510	\$ 30,395	\$ 44,700	Multi Tenant Building/Existing and Projected Based on Current Offers
<b>Total Commercial Rents</b>	<b>\$ 1,220,954</b>	<b>\$ 1,367,521</b>	<b>\$ 1,554,993</b>	

**Ground Rents**

Year	<u>1</u>	<u>2</u>	<u>3</u>	Comment
Stummgirls LLC	\$ 3,402	\$ 3,402	\$ 3,912	Existing Lease
N.O. Lakefront Hangars, LLC	\$ 33,388	\$ 33,388	\$ 33,388	Existing Lease
Air Cover, Inc.	\$ 6,213	\$ 6,213	\$ 6,213	Existing Lease
Ballys Bell of New Orleans	\$ 305,880	\$ 305,880	\$ 305,880	Existing Lease
Vacant Land to be developed	\$ -	\$ 48,025	\$ 99,892	New leasing of vacant ground @ three acres per year beginning the second year
<b>Total Ground Rents</b>	<b>\$ 348,883</b>	<b>\$ 396,908</b>	<b>\$ 449,285</b>	

Year	<u>1</u>	<u>2</u>	<u>3</u>	Comment
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<b>All Existing leased ramp area</b>	<b>\$ 6,930</b>	<b>\$ 6,930</b>	<b>\$ 6,930</b>	Existing Lease
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Year	<u>1</u>	<u>2</u>	<u>3</u>	Comment
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Landing Fees	\$ -	\$ -	\$ 103,740	Projection based on Charter Business
Fuel Income	\$ 720,000	\$ 732,000	\$ 974,400	Existing Gallonage
Ramp/Ground Charges	\$ -	\$ -	\$ 247,200	Projection based on Charter Business
Concessions	\$ 1,008	\$ 1,058	\$ 237,166	Projection based on Charter Business
Movies, Special Events, Misc	\$ 42,500	\$ 63,750	\$ 85,000	Projection
Auto Parking	\$ -	\$ -	\$ -	
Transient Aircraft Parking	\$ -	\$ -	\$ -	
Interest	\$ -	\$ -	\$ -	
Other	\$ -	\$ -	\$ -	
Other	\$ -	\$ -	\$ -	
Other	\$ -	\$ -	\$ -	

<b>Total Airside Income</b>	<b>\$ 763,508</b>	<b>\$ 796,808</b>	<b>\$ 1,647,506</b>	
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<b>Grand Total Income</b>	<b>\$ 2,340,275</b>	<b>\$ 2,568,167</b>	<b>\$ 3,658,714</b>	
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